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Chairman: Mr. Chowdhury (Bangladesh)
Chairman of the Advisory Committee on Administrative
and Budgetary Questions: Mr. Mselle

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The meeting was called to order at 5.10 p.m.

Statement by the President of the General Assembly

1. **Mr. Udovenko** (President of the General Assembly) said that, while the other Main Committees had completed their work, the Fifth Committee still had some very important decisions to take. The Second Committee had voted to approve six important draft resolutions on the subject of development, and they had been adopted by consensus in plenary meeting. He hoped that the Fifth Committee, which currently had an unusually heavy workload, would nonetheless be able to complete its work quickly, and appealed to all delegations to make every possible effort to that end.

Agenda item 115: Programme budget for the biennium 1996-1997 (continued) (A/C.5/52/32)

2. **The Chairman** invited the Committee to resume its consideration of the second performance report, contained in document A/C.5/52/32.

3. **Mr. Repasch** (United States of America) asked for clarification regarding the possibility that some part of the \$10.4 million allocated to the Integrated Management Information System (IMIS) in the report could be allocated to future budget periods, including 1998-1999. His delegation felt that at least \$2.5 million could be allocated to 1996-1997.

4. **Ms. Goicochea Estenoz** (Cuba) proposed that the oral statement made by the Chairman of the Advisory Committee on Administrative and Budgetary Questions should be issued as an official document.

5. Her delegation felt that any decision taken by the Fifth Committee should refer to the difficulties that had been experienced in the implementation of United Nations mandates and programmes during the biennium 1996-1997 as a result of General Assembly resolution 50/214. Any decision should also reflect the way in which vacancy rates had been exceeded; vacancy rates should not be used as a tool to achieve savings. Further, her delegation was seriously concerned by the negative consequences of the application of economy measures.

6. Her delegation still believed that, for technical reasons, the \$10.4 million referred to by the representative of the United States of America should be removed from the amounts detailed in the second performance report; its inclusion would contravene established budgetary procedure.

7. **Mr. Halbwachs** (Controller), responding to the query by the representative of the United States of America, referred to paragraphs 50 and 51 of the ninth progress report of the Secretary-General on IMIS (A/52/711), which showed that there had been additional expenditure of \$3.2 million up to 1997; if any amount were to be kept in the performance report, subject to the Committee's decision, it should be that amount.

8. **Mr. Repasch** (United States of America) said that his delegation would circulate copies of a proposed resolution on that issue. The two final paragraphs of the proposed resolution read: "Requests the Advisory Committee to examine the ninth progress report on IMIS in conjunction with its consideration of the related report of the Board of Auditors and in this regard invites the Advisory Committee to report on the matter at its resumed fifty-second session," and "Decides that pending General Assembly consideration of the reports concerning IMIS at its resumed fifty-second session, the supplementary provisions for IMIS of \$10,362,100 provided in the final appropriation for the 1996-1997 biennium should not be encumbered without prior approval of the General Assembly."

9. **Mr. Goicochea Estenoz** (Cuba) said that her delegation could not accept that proposal. Requirements which would arise for IMIS for the next biennium should be considered at that time. Established budgetary procedure should be followed.

10. **The Chairman** said that, in response to the earlier request by the Cuban delegation, the oral statement of the Chairman of the Advisory Committee would be issued as an official document.

11. In the light of the fact that a new proposal was to be circulated, he suggested that the Committee should go on to discuss the remaining items.

12. **Mr. Repasch** (United States of America) asked whether it was possible for an amount to be appropriated without being encumbered.

13. **Mr. Halbwachs** (Controller) said that that was the case.

Agenda item 116: Programme budget for the biennium 1998-1999 (continued)

Report of the Secretary-General on the revised estimates in respect of matters of which the Security Council is seized (continued) (A/C.5/52/24 and A/52/7/Add.6)

14. **The Chairman** drew attention to the report of the Secretary-General contained in document A/C.5/52/24 on

the revised estimates in respect of items of which the Security Council was seized, and to the related report of the Advisory Committee, contained in document A/52/7/Add.6.

15. He suggested that the Committee should recommend to the General Assembly that it should take note of the report of the Secretary-General and concur with the observations and recommendations of the Advisory Committee on Administrative and Budgetary Questions in paragraph 16 of its report.

16. **Ms. Goicochea Estenoz** (Cuba) proposed that the decision should refer to the report of the Advisory Committee as a whole, rather than only paragraph 16.

17. **The Chairman** said that he took it that the Committee wished to adopt the draft decision with the amendment proposed by the Cuban delegation.

18. *It was so decided.*

Programme budget implications of draft resolution A/52/L.68 B: The situation in Afghanistan and its implications for international peace and security (A/C.5/52/33)

19. **Mr. Sial** (Pakistan) said that very high expenditure was being incurred for travel and rental of aircraft for missions between Afghanistan and Pakistan in the pursuit of peacemaking efforts. Since peace currently prevailed in more than 80 per cent of the territory of Afghanistan, including Kabul, he hoped that the United Nations Special Mission to Afghanistan (UNSMA) would seriously consider moving its office to Kabul. By doing so, it would save a large amount which could be used for peacemaking efforts in Afghanistan. His delegation was confident that, when the matter was next discussed by the Committee, that move would have taken place.

20. He drew attention to an error on the first page of Annex I to the document, where it should be specified that the amounts referred to in the table were in thousands of dollars.

21. **The Chairman** said that the necessary corrigendum would be issued.

22. He suggested that, based on the recommendations of the Advisory Committee, the Committee should decide to recommend to the General Assembly that, should it adopt draft resolution A/52/L.68 B, an additional appropriation of \$4,007,700 would be required under section 3 of the proposed programme budget for the biennium 1998-1999; an additional appropriation of \$327,300 would also be required under section 32 (Staff assessment), offset by the same amount under income section 1, Income from staff

assessment. Those requirements would be considered in the context of the proposed programme budget for the biennium 1998-1999.

23. *It was so decided.*

Programme budget implications of draft resolution A/52/L.72: United Nations reform: measures and proposals (A/C.5/52/36)

24. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that, by paragraph 1 of draft resolution A/52/L.72, the General Assembly would decide to establish the post of Deputy Secretary-General as an integral part of the Office of the Secretary-General, as set out in the reports and communications of the Secretary-General related to reform. Paragraph 3 of the statement of programme budget implications (A/C.5/52/36) stated that the requirement for the post for the biennium 1998-1999 had been estimated in the amount of \$621,100, and that that amount had been included in the proposed programme budget. The statement had been examined by the Advisory Committee, and its comments on the question of the establishment of the post of Deputy Secretary-General were contained in its second report. That report contained a number of options regarding the emoluments of the Deputy Secretary-General. Depending on which option was recommended to the General Assembly, the amount of \$621,100 would have to be reconsidered accordingly.

25. The adoption of the resolution by the plenary Assembly would not give rise to additional requirements over and above the Secretary-General's revised estimates as detailed in document A/52/303.

26. Paragraph 2 of the draft resolution would endorse the recommendation of the Secretary-General to discontinue the High-level Advisory Board on Sustainable Development, for which a provision of \$362,300 had been made in the proposed programme budget under section 7A. Should the General Assembly adopt the draft resolution, a corresponding reduction would have to be made.

27. The draft resolution contained a number of other decisions with potential financial implications. Paragraph 24, for example, dealt with the establishment of a development account. Those matters were subject to future reports by the Secretary-General, and the Advisory Committee would review them in the manner indicated in the draft resolution and also in Chapter I of its first report on the proposed programme budget for the biennium 1998-1999.

28. **Ms. Goicochea Estenoz** (Cuba) said that the statement of programme budget implications did not fully cover all the budgetary implications of the draft resolution. For example, paragraph 16 referred to the transfer to the United Nations Development Programme of responsibilities for operational activities for natural disaster mitigation, prevention and preparedness, and paragraph 24, as the Chairman of the Advisory Committee had pointed out, referred to the establishment of a development account. Also, her delegation felt that it was unnecessary to approve the statement of programme budget implications as a separate document, since the entire issue was to be discussed in the context of document A/52/303; she requested clarification of that point.

29. Regarding the post of Deputy Secretary-General, the Chairman of the Advisory Committee had pointed out that the Fifth Committee had to take a decision regarding emoluments; it was not until that decision had been taken that the Committee could take a decision regarding the real financial implications of the draft resolution. Her delegation therefore felt that the budgetary implications of establishing the post should be discussed within the framework of document A/52/303.

30. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the approximately \$2 million to be transferred to UNDP for operational activities for natural disaster mitigation, in accordance with A/52/L.72, paragraph 16, would be provided as a grant for the biennium 1998-1999. Subsequent financing would be subject to the consideration of the report of the Secretary-General as requested in paragraph 17 of that draft resolution.

31. It was the view of the Advisory Committee that the Fifth Committee should inform the General Assembly that, if it should adopt draft resolution A/52/L.72, at the current stage it would give rise to the additional requirements contained in A/C.5/52/36, paragraph 5. That requirement would be considered in the context of the deliberations on the programme budget for the biennium 1998-1999, and adoption of that draft resolution would also have administrative and financial implications in future bienniums beyond 1998-1999. The General Assembly would thus be informed of both its immediate and its future implications.

32. **Ms. Goicochea Estenoz** (Cuba) said that her delegation needed time to consult its Government before being able to reach a decision.

33. **The Chairman** said that the statement of programme budget implications contained in document A/C.5/52/36 had been issued in fulfilment of rule 153 of the rules of

procedure. The report of the Secretary-General (A/52/303) was actually the statement of programme budget implications for his reform programme. Accordingly, he proposed that the Committee should adopt the following draft decision: "... Should the General Assembly adopt draft resolution A/52/L.72, no additional requirements would arise in respect of the creation of the post of Deputy Secretary-General beyond those already foreseen and mentioned in paragraph 1A.2 of the report of the Secretary-General contained in document A/52/303. On the other hand, a reduction of \$362,300 under section 7A would result from the discontinuation of the High-level Advisory Board. The programme budget implications arising out of that resolution are being considered in the context of the programme budget for the biennium 1998-1999. Any potential administrative and financial implications which may arise at a later stage in the context of the implementation of that resolution will be taken up in the context of future budgets."

34. **Mr. Tommo Monthe** (Cameroon) said that another element which the Committee must decide was the grade level to be assigned to the post of Deputy Secretary-General.

35. **Mr. Odaga-Dalomayo** (Uganda) said that he concurred with the representative of Cameroon that there were other elements to be considered; consultations should therefore continue.

36. **The Chairman** said that further informal consultations would be held on document A/C.5/52/36.

Report of the Secretary-General on the contingency fund: consolidated statement of programme budget implications and revised estimates (A/C.5/52/35)

37. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Secretary-General had indicated that the amount of \$245,200 would be charged to the contingency fund for the biennium 1998-1999 under Section 6 (Legal affairs). He advised the Fifth Committee to recommend to the General Assembly that the amount should be appropriated and to take note of the remaining balance in the fund.

38. **Ms. Goicochea Estenoz** (Cuba) inquired about the current status of the statement of programme budget implications of draft resolution A/C.2/52/L.43, involving an additional requirement of \$120,000 under Section 7A of the programme budget, submitted by the Second Committee.

39. Her delegation also expressed its concern that the Third Committee had approved a draft resolution for which two different statements of programme budget implications had been submitted. The first statement had requested the

amount of \$87,000, to be charged to the contingency fund, for travel by representatives of least developed countries to allow them to attend the preparatory meetings for the Tenth United Nations Congress on the Prevention of Crime and the Treatment of Offenders. Subsequently, a revision had been submitted stating that the amount would be absorbed. Her delegation took note of the answers provided informally by the Secretariat, but believed that such a practice was in violation of General Assembly resolution 41/213. Enough remained in the contingency fund to cover such activities, to which her delegation attached great importance; there was no need to absorb the additional costs.

40. **Mr. Halbwachs** (Controller) said that the preparation of statements of programme budget implications began in the substantive committee, which sometimes modified its decisions, obviating the need for additional appropriations. It was his understanding that, with regard to the Second Committee resolution which the representative of Cuba had mentioned, UNFPA had offered to cover the travel costs of representatives from the least developed countries to the meeting, and therefore, no funds from the regular budget would be required.

41. **The Chairman** suggested that the Committee should request the General Assembly to take note that a balance of \$18,754,800 remained in the contingency fund.

42. *It was so decided.*

43. **Mr. Tommo Monthe** (Cameroon) said that the fact that the appropriation being requested from the contingency fund was relatively small demonstrated that United Nations organs had been reasonable and responsible in their use of the Organization's financial resources. It also demonstrated that the budget mechanisms established in General Assembly resolution 41/213 were working well.

Report of the Secretary-General on revised estimates: effect of changes in rates of exchange and inflation (A/C.5/52/34)

44. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee had considered the report of the Secretary-General which contained revised estimates resulting from the effect of changes in rates of exchange and inflation (A/C.5/52/34). The impact of the proposed recosting on the proposed programme budget for 1998-1999 was a net decrease of \$113,725,200 under the expenditure sections, from \$2,636,313,400 to \$2,522,588,200, and a decrease of \$10,620,200 under the income sections, from \$366,671,500 to \$356,051,300. The net decrease under the expenditure sections reflected a combined effect of reduced

requirements of \$120.7 million resulting from revised exchange rate assumptions and an increase of \$7 million in respect of inflation. The Advisory Committee requested that future revised estimates on changes in rates of exchange and inflation should indicate not only changes in expenditure and income, but also a total revised budget in gross and net terms.

45. As indicated in paragraphs 2 and 5 of the report of the Secretary-General, the recosting was based on data available to December 1997, the latest exchange rates, in accordance with the view of the Advisory Committee that the Administration should use such operational rates of exchange in its recosting exercises as would allow for the lowest estimates.

46. The Advisory Committee noted from paragraph 8 of the report that the recosting exercise had incorporated the adjustments arising from (i) the Secretary-General's report on United Nations reform, (ii) five statements of programme budget implications (the mission in Guatemala, the report of the International Law Commission, the situation in Haiti, the situation in Central America and the situation in Afghanistan) and (iii) the revised estimates in respect of matters of which the Security Council was seized. It pointed out that those statements were based on requirements for 1998 only. Considering the practice of budget implementation during the past several years, most special missions included in document A/C.5/52/34 would be likely to continue in 1999. The Advisory Committee had been informed, upon inquiry, that, should that be the case, the related requirements for 1999 would amount to approximately \$65 million. Unless there were favourable changes in exchange rates and inflation during the biennium 1998-1999, the potential of the revised budget of \$2,522,588,200 gross to absorb additional requirements of such magnitude appeared highly questionable; indeed, if the exchange rate situation were to deteriorate, the pressure on the budget would be very severe.

47. Furthermore, the Advisory Committee recalled that in the course of its review of the second performance report for the biennium 1996-1997, it had recommended that a provision of \$10.4 million for the development of the Integrated Management Information System (IMIS) should be deleted from the programme budget for 1996-1997, pending its consideration of the Secretary-General's ninth report on IMIS during its February-March 1998 session. The question of additional requirements for the development of IMIS of up to \$10.4 million, including a provision of \$3.2 million for implementation support already provided by the contractor, would have to be dealt with in the context of the programme budget for the biennium 1998-1999, following

consideration of the Secretary-General's ninth progress report on IMIS (A/52/711).

48. The Advisory Committee had been informed that the revised estimates of the proposed programme budget for the biennium 1998-1999 did not include all the possible financial implications of such decisions as the General Assembly might take on administrative expenses of the United Nations Joint Staff Pension Fund; should the General Assembly accept its recommendation in that regard, an additional amount in excess of \$2 million would be required. In that connection, the Advisory Committee pointed out that as indicated in paragraph 9 of the Secretary-General's report, the recosting would be subject to further revisions as necessary, pending decisions of the Fifth Committee on a number of issues still under consideration.

49. The statistics by duty station relating to the rates of exchange and inflation, as well as the breakdown of the effect of the recosting on expenditure sections of the proposed programme budget for 1998-1999 were provided in the annexes to document A/C.5/52/34.

50. Subject to the foregoing observations, the Advisory Committee had found no technical basis for objecting to the Secretary-General's revised estimates arising from the recosting of the effects of changes in rates of exchange and inflation, and accordingly transmitted them to the Fifth Committee for consideration.

51. **Mr. Tommo Monthe** (Cameroon) said that the Committee would be wise to take the statement by the Chairman of the Advisory Committee as a warning that, if in a year's time the peacekeeping missions needed additional resources, it must be prepared to find another source besides the effects of exchange rate fluctuations and inflation.

52. **The Chairman** suggested that the Committee should recommend to the General Assembly that it take note of the report of the Secretary-General on the revised estimates: Effect of changes in rates of exchange and inflation, as contained in document A/C.5/52/34.

53. *It was so decided.*

The meeting rose at 6.35 p.m.